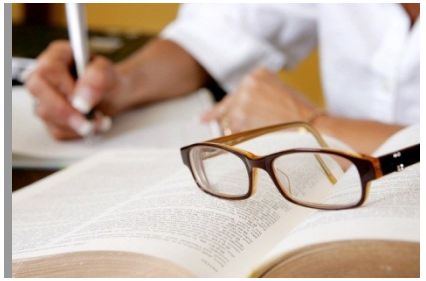
Lesson 11: Performance-Based Compensation

Duration: 2 hours

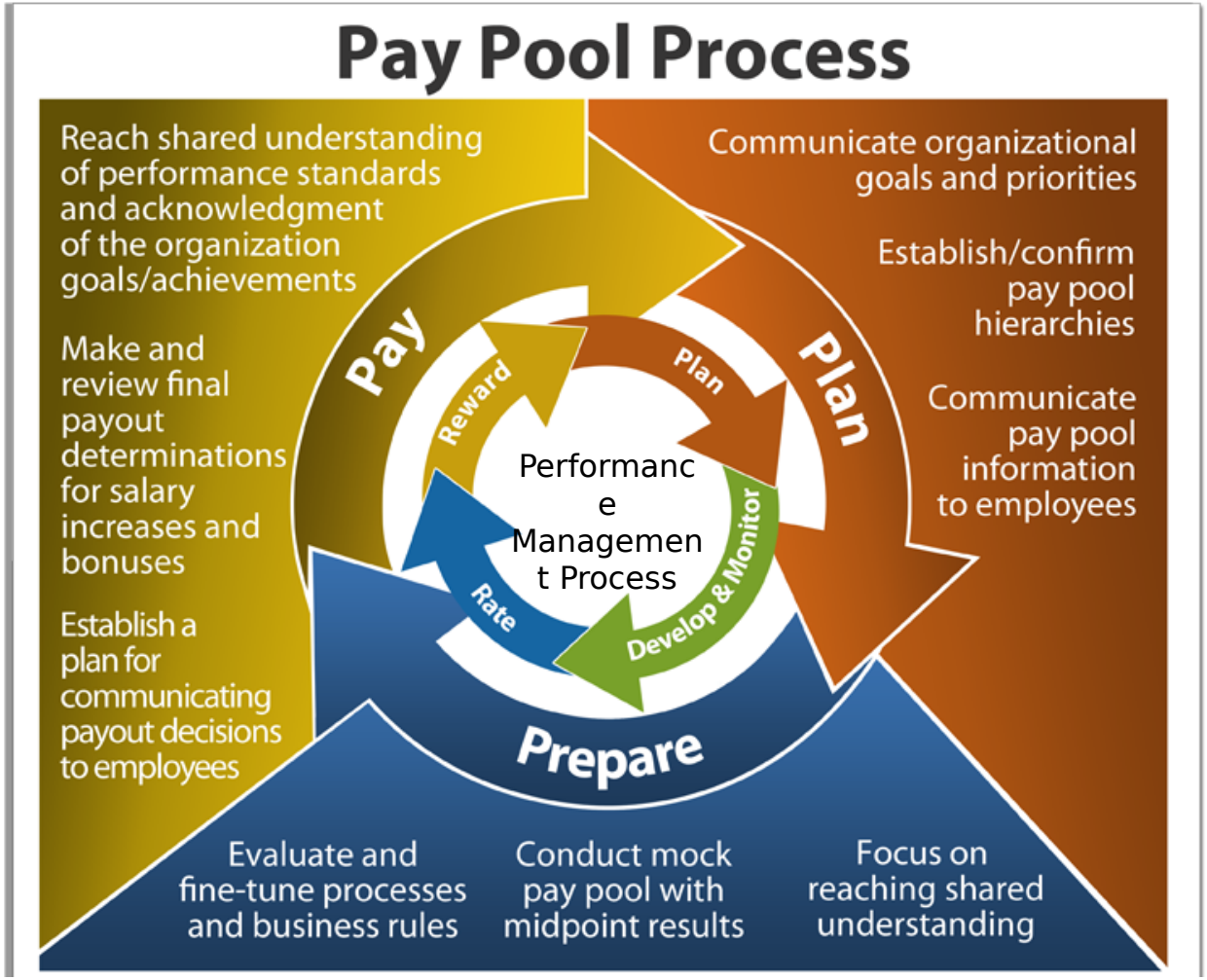
Lesson 11 Topics

- Topic 1 – Pay Pools
- Topic 2 – Eligibility for Performance-Based Payouts
- Topic 3 – Forms of Performance-Based Payouts
- Topic 4 –Payout Timeline
- Topic 5 – From Performance Management to Performance-Based Payout Decisions

Note: Additional training on pay pools can be found at: http://dcips.dtic.mil/training.html



Pay Pool Process Overview


Pay Pool Process
Reach shared understanding of performance standards and acknowledgment of the organization goals/achievements
Make and review final payout determinations for salary increases and bonuses
Establish a plan for communicating payout decisions to employees
Communicate organizational goals and priorities
Establish/confirm pay pool hierarchies
Communicate pay pool information to employees
Pay
Plan
Prepare
Reward
Plan
Develop & Monitor
Rate
Performanc e Managemen t Process
Evaluate and fine-tune processes and business rules
Conduct mock pay pool with midpoint results
Focus on reaching shared understanding

Pay Pools

A “pay pool” is a group of employees with similar criteria (grade, band, supervisory status etc.), who share in one distribution of pay-for-performance dollars

Pay Pool Funding

- The pay pool budget is set by September 30 of the performance year and is based on:
  - Historical spend trends
  - External budget guidance
  - Departmental budget guidance

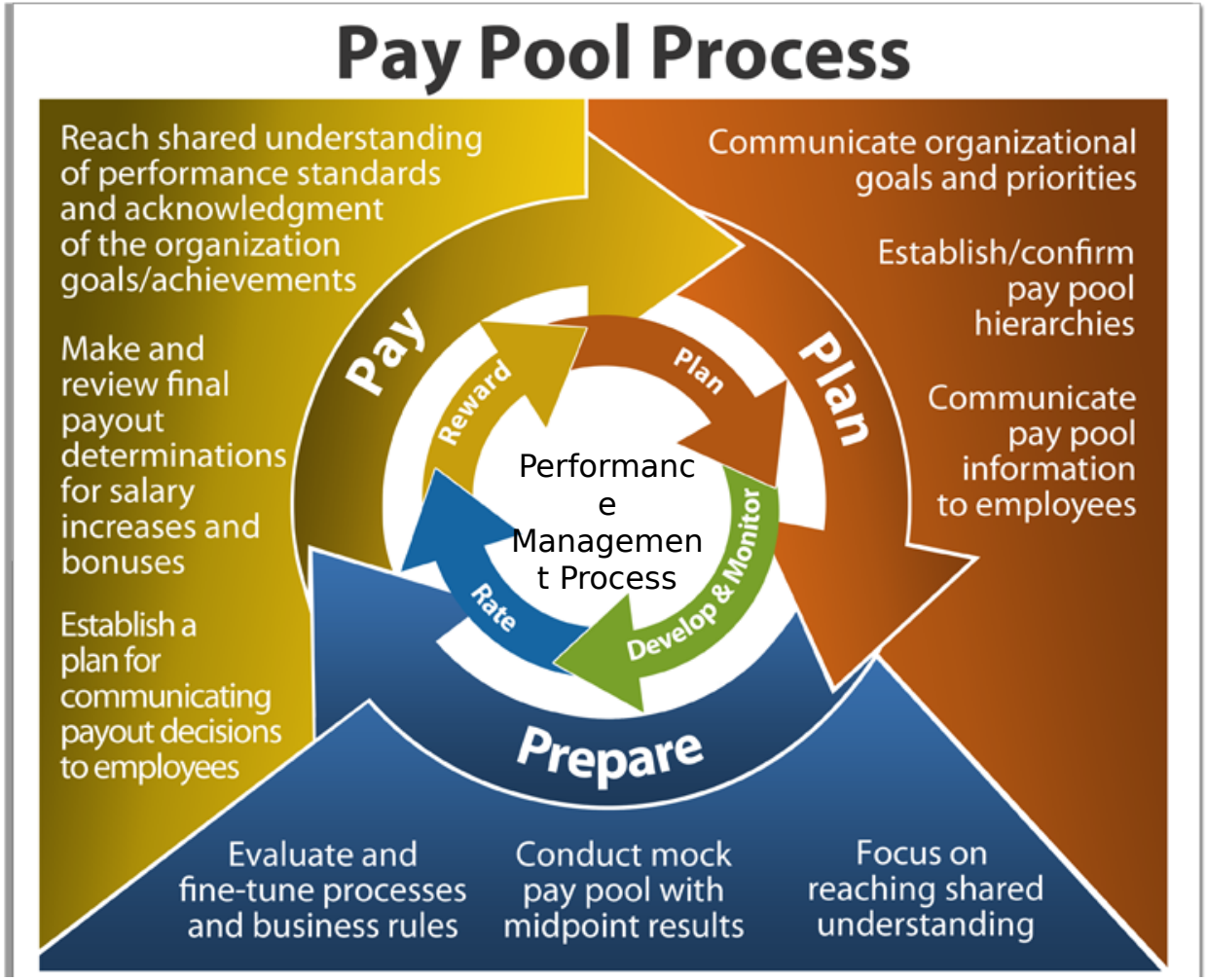
Payout Eligibility

Performance Evaluation of Record	General Pay Increase (in graded structure)	DCIPS "Floor" Increase (in banded structure)	Performance-Based Bonus (in both graded and banded structures)	Performance-Based Salary Increase (banded structure)
Outstanding Excellent Successful	Yes	Yes	Yes	Yes
Minimally Successful	Yes	Yes	No	No
Unacceptable	Yes	No	No	No

Performance-Based Payouts

- Research your assigned performance-based payout
  - Performance-Based Salary Increases
  - Performance-Based Bonuses
- Review the information in the WYSK boxes on pages 11-15_11-18
- Make notes in the Participant Guide on page 11-19
- You may be asked to share what you've learned with the class

Pay Pool Process Overview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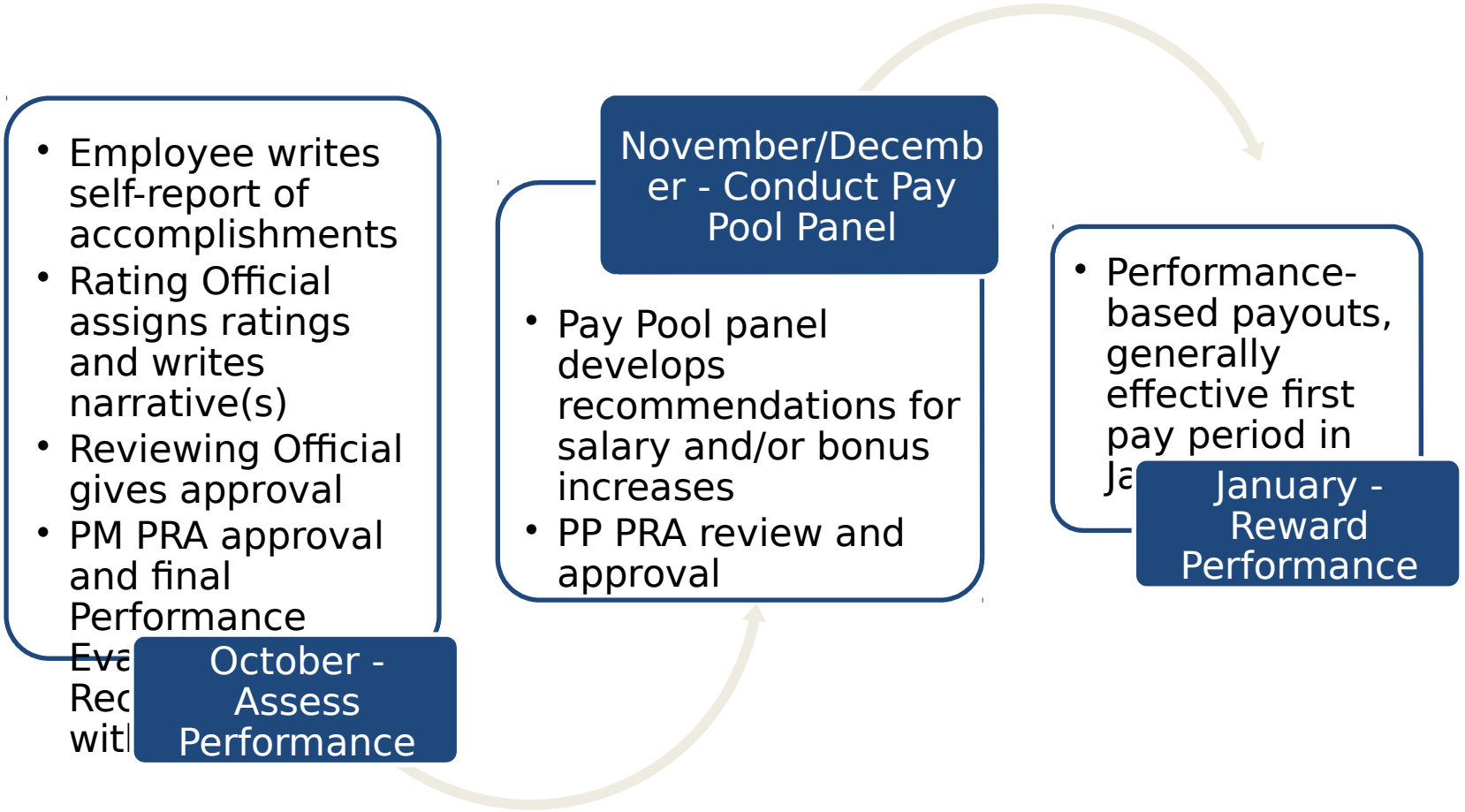
Payout Timeline


• Employee writes self-report of accomplishments
• Rating Official assigns ratings and writes narrative(s)
• Reviewing Official gives approval
• PM PRA approval and final Performance Eva
Rec
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October - Assess Performance
November/Decemb er - Conduct Pay Pool Panel
• Pay Pool panel develops recommendations for salary and/or bonus increases
• PP PRA review and approval
• Performance-based payouts, generally effective first pay period in Ja
January - Reward Performance

Performance-Based Payouts Method

- An algorithm is embedded in the Compensation Work Bench (CWB) to provide initial recommendations for performance-based salary increases (for Components in the banded structure) and bonuses for all Defense Intelligence Components
- Pay pools review CWB recommendations and make any necessary adjustments
- Employees are advised of their performance-based salary increases and/or bonuses by their Rating Official following approval of results by the PP PRA and before the effective date of the payment(s)

Performance-Based Payout Decisions

"Performance payout" refers to the total compensation awarded as recognition for performance

Lesson 11 Review

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